

TennCare Policy Manual	Section: Benefits
Policy No: BEN 08-001 (Rev. 12)	Date: March 14, 2023

## Cost-Effective Alternatives

### Purpose

This policy outlines the accepted use of cost-effective alternative services by TennCare managed care contractors (MCCs).

### Policy

TennCare MCCs have the option to provide services not listed in the Medicaid State Plan or in the covered benefits section of their contracts with TennCare when the use of such alternative services is medically appropriate and cost-effective. Such services are referred to as cost-effective alternative services.

A cost-effective alternative service is a service that is not covered by TennCare but that is provided by the MCC in lieu of a covered service. Cost-effective alternative services are offered solely at the MCC’s discretion. TennCare enrollees are not entitled to receive these services. Cost-effective alternative services may be provided because they are either (1) alternatives to covered TennCare services that, in the MCC’s judgment, are cost-effective or (2) preventive in nature and offered to avoid the development of conditions that, in the MCC’s judgment, would require more costly treatment in the future. Cost-effective alternative services need not be determined medically necessary except to the extent that they are provided as an alternative to covered Medicaid services. *Even if medically necessary, cost-effective alternative services are not covered services and are provided only at an MCC’s discretion.*<sup>1</sup>

#### Section 1: Pre-approved Cost-Effective Alternative Services

MCCs’ use of cost-effective alternative services is generally subject to TennCare approval. The process for obtaining TennCare approval is discussed later in this policy. However, some cost-effective alternative services may be provided by MCCs without obtaining prior approval from TennCare.<sup>2</sup> A list of these services is provided in the table below.

Note that there are certain services on the list below that may be available as covered services under one of TennCare’s long-term services and supports (LTSS) programs, such as CHOICES, Employment and Community First CHOICES, or TennCare’s 1915(c) waivers for persons with intellectual disabilities (called “ID Waivers”). However, for TennCare enrollees who are not participating in one of these programs, these services would be non-covered and therefore available only as cost-effective alternative services.

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<sup>1</sup> The information contained in this paragraph also appears in the definition of “cost-effective alternative service” located in the TennCare Rules at 1200-13-01-.02, 1200-13-13-.01, and 1200-13-14-.01. The MCC’s discretion to use such services is addressed in the Rules at 1200-13-13-.04(2), 1200-13-13-.10(2), 1200-13-14-.04(2), and 1200-13-14-.10(2).

<sup>2</sup> While all TennCare MCCs may provide the services in the table without obtaining prior approval, TennCare Select—as a partial risk plan—must maintain documentation on the cost-effectiveness of any non-covered services that are provided to TennCare enrollees and for which TennCare Select seeks reimbursement from the State.

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**Cost-Effective Alternative Services that TennCare MCCs May Provide Without Prior Approval**

<b>SERVICE</b>	<b>GROUP FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST-EFFECTIVE ALTERNATIVE</b>
Adult day care	Non-CHOICES adults aged 21 and older. (Not covered in the State Plan.)
Adult day health services <sup>3</sup>	Adults aged 21 and older. (Not covered in the State Plan.)
Bed bug treatment <sup>4</sup> to prevent hospitalization or placement in a nursing facility	Members of CHOICES Group 2 or CHOICES Group 3. (Not covered in the State Plan.)
Buprenorphine <sup>5</sup> in excess of 8 mg per day (or dose equivalent to 8 mg of Suboxone <sup>®</sup> for products with different bioavailability) for individuals who— <ul style="list-style-type: none"> <li>• Require treatment for opiate addiction;</li> <li>• Would otherwise require hospitalization; and</li> <li>• Have already received up to 16 mg of the drug per day for 6 months.</li> </ul>	Adults aged 21 and older. (Not covered in the State Plan.)

<sup>3</sup> This service combines adult day care with preventive and/or rehabilitative services (in a manner similar to the PACE program).

<sup>4</sup> Treatment for bed bug infestations is not covered under the pest control benefit for members of CHOICES Group 2 and CHOICES Group 3. See TennCare Rule 1200-13-01-.02(173)(e).

<sup>5</sup> “Buprenorphine” as used in this policy includes all buprenorphine-containing products used for opiate detoxification and is not limited to any specific brand-name or generic products.

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SERVICE	GROUP FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST-EFFECTIVE ALTERNATIVE
<p>Enabling technology in excess of service limits that serves as an alternative to—</p> <ul style="list-style-type: none"> <li>• Additional hours of personal assistance or other HCBS that would otherwise be covered and medically necessary, or</li> <li>• A higher level of reimbursement that would otherwise be provided for residential services<sup>6</sup> based on the level of support needed by the member.</li> </ul>	Members of CHOICES (through March 31, 2025), ECF CHOICES, or a 1915(c) HCBS waiver program. (Not covered in the State Plan.)
General anesthesia for selected dental procedures	Adults aged 21 and older who are not enrolled in ECF CHOICES or a 1915(c) HCBS waiver program. (Not covered in the State Plan.)
High tech prosthetic devices for active lifestyles rather than standard prosthetic devices <sup>7</sup>	Persons of any age. (Not covered in the State Plan.)
Home- and Community-Based Services (HCBS) in excess of \$18,000 expenditure cap	CHOICES Group 3 members who would otherwise require home health services to ensure that their needs are safely met in the community. (Not covered in the State Plan.)
Hotel accommodations for persons receiving frequent treatment at a distant location, to avoid the rigors of excessive transportation.	Persons of any age. (Not covered in the State Plan.)
Inpatient rehabilitation facility services	Adults aged 21 and older. (Not covered in the State Plan.)

<sup>6</sup> Such residential services include Community Living Supports, Community Living Supports-Family Model, Supported Living, Family Model Residential Support, Residential Habilitation, and Medical Residential Services.

<sup>7</sup> According to Rule 1200-13-13-.04(1)(b)30, “prosthetic devices” are a covered TennCare benefit. Applying medical necessity criteria, TennCare would cover those prosthetic devices that are the least costly option available to meet the member’s medical need. The intent of this policy is to allow an MCC to furnish more expensive prosthetic devices as an alternative to costlier forms of covered care, such as placement in a nursing home.

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SERVICE	GROUP FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST-EFFECTIVE ALTERNATIVE
Inpatient or residential substance use disorder (SUD) treatment services in facilities that meet the definition of an Institution for Mental Diseases (IMD) <sup>8</sup> in excess of the 30 days of annual coverage authorized in the State Plan	Adults aged 21 and older. (Not covered in the State Plan.)  Limited to short-term stays of no more than 15 days during a calendar month.
Medication Therapy Management	Persons of any age. (Not covered in the State Plan.)
Mileage reimbursement in lieu of non-emergency transportation	Persons of any age who have used TennCare-sponsored non-emergency transportation within the previous six months. <sup>9</sup> (Not covered in the State Plan.)
Minor home modifications over the project limit	Members of CHOICES Groups 2 or 3, ECF CHOICES Groups 4-8, or Katie Beckett Group (Part A) or Medicaid Diversion Group (Part B).  NOTE: Prior approval must be obtained to exceed a member's annual and/or lifetime limits for minor home modifications.
Non-medical adaptive devices such as reactors, buttonhole adaptive devices, etc.	Persons of any age. (Not covered in the State Plan.)
Nutritional programs and supplements	Adults aged 21 and older. (Not covered in the State Plan.)
Occlusal night guards	Adults aged 21 and older who are not enrolled in ECF CHOICES or a 1915(c) HCBS waiver program. (Not covered in the State Plan.)
Over-the-counter medical supplies	Adults aged 21 and older. (Not covered in the State Plan.)
Scooters	Persons of any age. (Not covered in the State Plan.)
Sedation services for selected dental procedures	Adults aged 21 and older who are not enrolled in ECF CHOICES or a 1915(c) HCBS waiver program. (Not covered in the State Plan.)
Short-term continuous care, to include Nursing Facility care, for episodic conditions to stabilize a condition rather than admit to hospital or to facilitate	Adults aged 21 and older. (Nursing Facility care is covered in the State Plan; however, it is considered a long-term service and support rather than short-term, episodic care and requires a level of care evaluation (referred to as a "PreAdmission Evaluation" or "PAE").)

<sup>8</sup> IMDs are inpatient facilities with more than 16 beds that are primarily engaged in providing diagnosis, treatment or care of persons with mental illness.

<sup>9</sup> Exceptions to the six-month requirement may be made only if there is a compelling medical justification.

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SERVICE	GROUP FOR WHOM THE SERVICE MAY BE PROVIDED AS A COST-EFFECTIVE ALTERNATIVE
hospital discharge	
Supported community living (excluding room and board)	Persons 18 years of age and older for whom psychiatric rehabilitation services have proven unsuccessful or the potential for psychiatric rehabilitation is very low but services are required to prevent inpatient psychiatric hospitalization. (Not covered in the State Plan.)
Transition allowance <sup>10</sup> as an alternative to— <ul style="list-style-type: none"> <li>Continued care in a medical institution (such as a nursing facility, an Intermediate Care Facility for Individuals with Intellectual Disabilities, or a Regional Mental Health Institute), or</li> <li>Placement in a medical institution when the member must transition out of the current living arrangement.</li> </ul>	Members of CHOICES or one of the I/DD LTSS programs. <sup>11</sup> (Not covered in the State Plan.)
Transportation to view a community living supports home and meet prospective housemates	CHOICES members transitioning from CHOICES Group 1 to CHOICES Group 2. (Not covered in the State Plan.)
Vision services and eyeglasses or contact lenses for adults	Adults aged 21 and older. (Not covered in the State Plan.)
Weight reduction programs for the treatment of obesity	Persons of any age. (Not covered in the State Plan.)

In addition to the items and services listed above, there is one other cost-effective alternative service that may be provided without prior approval from TennCare, although it is applicable only in very limited circumstances. According to TennCare rules,<sup>12</sup> HCBS furnished under the CHOICES or Employment and

<sup>10</sup> A per-member allotment not to exceed two thousand dollars (\$2,000) per lifetime. See Rule 1200-13-01-.02(223), Rule 1200-13-01-.05(8)(o), and Attachment E of the TennCare Demonstration.

<sup>11</sup> "I/DD LTSS programs" as used in this policy refers collectively to the ECF CHOICES program, the 1915(c) HCBS waiver programs, and services delivered in an Intermediate Care Facility for Individuals with Intellectual Disabilities.

<sup>12</sup> See Rules 1200-13-01-.02(49)(d) and (e), 1200-13-01-.05(4)(d)1.(ii)(II), and 1200-13-01-.31(4)(a)2.(ii).

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Community First CHOICES programs may be provided as a cost-effective alternative to nursing facility care for individuals who meet NF level of care criteria when the enrollment caps for CHOICES 2 or Employment and Community First CHOICES have been reached. Provision of HCBS under these circumstances must comply with all TennCare rules and contractual requirements governing the provision of HCBS to CHOICES and Employment and Community First CHOICES members.

## **Section 2: Procedures for Obtaining Prior Approval for Cost-Effective Alternative Services**

The use of cost-effective alternative services other than those listed above is subject to TennCare approval. MCCs seeking TennCare approval of a cost-effective alternative service should follow the following procedures:

1. A request for prior approval may be submitted only by an MCC, since a cost-effective alternative service is furnished at the sole discretion of an MCC. Requests should not be submitted by providers, enrollees, advocates, TennCare staff members,<sup>13</sup> or other non-MCC personnel.
2. Requests for prior approval must be made in writing and must be submitted to the Office of the Chief Medical Officer within the Division of TennCare.
  - a. The MCC should complete the “Request for Cost-Effective Alternative (CEA)” form, which is available on TennCare’s website at <https://www.tn.gov/tenncare/policy-guidelines/cost-effective-alternative-prior-authorization-form.html>, and a copy of which is attached to this policy.
  - b. The signed and dated form and any accompanying documentation should be transmitted to TennCare’s Office of the Chief Medical Officer with adequate safeguards for any confidential material contained therein. (See the “Request for CEA” form for additional details.) Appropriate methods of submission include—
    - secure email (addressed to: [David.Collier@tn.gov](mailto:David.Collier@tn.gov));
    - mail (addressed to Division of TennCare, Office of the Chief Medical Officer, 310 Great Circle Road, 4 West, Nashville, TN 37243);
    - fax (to 615-734-5075).
3. To ensure that TennCare has the opportunity to adequately consider all requests for prior approval of cost-effective alternative services, MCCs should submit their requests at least two weeks prior to the desired date of service delivery.

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<sup>13</sup> There may be occasions when TennCare staff members are aware of a cost-effective alternative service that would be appropriate for an enrollee under certain circumstances. While nothing prohibits TennCare from sharing this information with an MCC, the MCC retains sole discretion of whether to provide the service in question.

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4. TennCare’s Office of the Chief Medical Officer will notify the requesting MCC of the agency’s decision in writing (typically by email).

## Offices of Primary Responsibility

Office of the Chief Medical Officer  
Managed Care Operations  
Long-Term Services and Supports

## References

MCO Statewide Contract, Section A.2.6.5

<https://www.tn.gov/content/dam/tn/tenncare/documents/MCOStatewideContract.pdf>

TennCare Demonstration Waiver, Attachment E

<https://www.tn.gov/content/dam/tn/tenncare/documents/tenncarewaiver.pdf>

TennCare Rules 1200-13-01-.02 and -.05

TennCare Rules 1200-13-13-.01, -.04, and -.10

TennCare Rules 1200-13-14-.01, -.04, and -.10

<https://publications.tnsosfiles.com/rules/1200/1200-13/1200-13.htm>

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**DIVISION OF TENNCARE**

**REQUEST FOR COST-EFFECTIVE ALTERNATIVE (CEA)**

*This form is for use by a TennCare Managed Care Contractor (MCC) seeking to provide a cost-effective alternative service to a TennCare enrollee. Note that prior approval from TennCare is required only if the cost-effective alternative service in question is not on the list of pre-approved services in Policy BEN 08-001. (See <https://www.tn.gov/content/dam/tn/tenncare/documents2/ben08001.pdf>.)*

MCC INFORMATION		
MCC requesting the CEA:		MCC contact person regarding this request:
Telephone:	Email:	
ENROLLEE INFORMATION		
Name of Enrollee for whom the CEA is being requested:		
Date of birth:	SSN (last 4 digits):	
CEA INFORMATION		
1a. What service is being requested as a cost effective alternative? <i>Please be specific. The brand name of a particular program (e.g. "New Horizons in Care") alone would not be a sufficient response to this question.</i>		
1b. On what date are you requesting that provision of the CEA begin?		
1c. For how long are you requesting the CEA (up to 12 months)? What is the projected end date?		
2a. Is the service being requested as an alternative to a TennCare-covered service? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, then please proceed to Question 3a.		
2b. If 2a is yes, what is the covered service to which the CEA is an alternative?		
2c. If 2a is yes, why is the proposed CEA preferable to the covered service for this enrollee?		
2d. If 2a is yes, please attach documentation that the proposed CEA is cost-effective in comparison to the TennCare-covered service it would replace.		
If 2a is yes and you have responded to 2b, 2c, and 2d, please sign, date, and submit the form according to the instructions below. If 2a is no, proceed to 3a.		
3a. Is the requested service a preventive service that would avoid the development of conditions likely to require more costly treatment in the future? <input type="checkbox"/> Yes <input type="checkbox"/> No		
3b. If 3a is yes, what are the conditions that would require more costly treatment in the future?		
3c. If 3a is yes, how will the proposed CEA be effective in avoiding these conditions for this enrollee?		

By signing this document, I hereby certify that the proposed CEA is medically appropriate for this enrollee and is, to the best of my knowledge, cost-effective in comparison to the TennCare-covered service(s) it would replace.

Signature \_\_\_\_\_

Date \_\_\_\_\_

DETERMINATION REGARDING CEA – TO BE COMPLETED BY TENNCARE	
Name of TennCare reviewer [print name]:	Signature of TennCare reviewer:
The requested service is: <input type="checkbox"/> Approved <input type="checkbox"/> Denied	
If approved, the duration of approval is:	
<input type="checkbox"/> One time only <input type="checkbox"/> Time-limited duration (up to 12 months), expiring on _____	



# DIVISION OF TENNCARE

## NOTES

TennCare approves the use of CEAs that are cost-effective compared to covered services OR that help avoid the development of conditions likely to require more costly treatment in the future. Therefore, if the responses to questions 2a and 3a are both no, then the service does not qualify as a CEA.

In addition to the information provided on this form, another consideration in TennCare's decision is whether the CEA includes components that are TennCare-covered services.

## SUBMISSION INSTRUCTIONS

Once complete, this form and any associated documentation should be submitted to the Office of the Chief Medical Officer at the Division of TennCare via one of the following:

- Secure email, which must consist of each of the following—
  - Creating a pdf version of the completed form (including attachments) and password-protecting it.
  - Attaching the pdf to an email addressed to [David.Collier@tn.gov](mailto:David.Collier@tn.gov). No protected health information (such as an enrollee's name, Social Security Number, and/or date of birth) should appear in the subject line of the email. The subject line should, however, include the phrase "secure email" in brackets as follows: [\[secure email\]](#).
  - Sending a second email—also addressed to [David.Collier@tn.gov](mailto:David.Collier@tn.gov)—that contains the password of the completed form and that follows the subject line protocol outlined above.
  - Sending these items only from an official MCC email address—not a personal account—since MCC-to-TennCare email messages enjoy Transport Layer Security.
- Mail (addressed to Division of TennCare, Office of the Chief Medical Officer, 310 Great Circle Road, 4 West, Nashville, TN 37243)
- Fax (to 615-734-5075)

In order to ensure that TennCare has the opportunity to adequately consider all CEA requests, MCCs should submit their requests at least two weeks prior to the desired date of service delivery.

Questions about the CEA request process may be directed to David L. Collier, Associate Medical Director for the Division of TennCare.